

September 7, 2006

Mr. John Citrolo
Division of Public Advocate
State of Delaware

Dear Mr. Citrolo:

Thank you for your response to our Sept 6, 2006 letter to Mr. Padmore regarding DPA comments on the Indian River Power Plant. I have interspersed some responses to your letter below.

Mr.. Alan Muller, Green Delaware [P.O. Box 69, Port Penn, Delaware 19731]

Re: IN THE MATTER OF INTERGRATE RESOURCE PLANNING OFR THE
PROVISION OF STANDARD OFFER SUPPLY SERVICE BY THE DELMARVA POWER
AND LIGHT COMPANY UNDER 26 DEL. C. SECTION 1007 (c) & (d): REVIEWING AND
APPROVAL OF THE REQUEST FOR PROPOSALS FOR THE CONSTRUCTION OF NEW
GENERATION RESOURCES UNDER 26 DEL. C. SECTION 1007 (d) AUGUST 18 2006

Dear Mr. Muller:

I have drafted this letter in response to your comments, which you sent to us via email and in response to our phone conversation of September 6, 2006. Although you agree with our recommendations filed in the above captioned manner, you expressed concerns to our comments with regard to NRG and its Indian River generation facility.

In response to your inquiry: 1) the Division of the Public Advocate did not have any discussions with NRG to "conspire" to draft that section of our comments;

I did not use the word conspire in my letter. Are you quoting someone else here?

2) the comments are limited in focus to this proceeding and are not a matter of record before the Public Service Commission or intended to be an exhibit in an administrative proceeding at the Department of Natural Resources and Environmental Control;

In that case, what do you understand their significance to be?

and 3) the comments were not meant to belittle historical efforts of groups, such as, Green Delaware, to impose stricter environmental safeguards on NRG's Indian River facility. I was merely pointing out the fact that the company has recognized that it would not be prudent to attempt to expand the Indian River facility with traditional coal fired generation technology. Thus, we were applauding this recognition.

I am not aware that NRG has "recognized that it would not be prudent" as you mention above. (NRG has made noises about the possible construction of an IGCC unit at IRPP, and states it wishes to continue operating the existing units. NRG opposes a draft DNREC regulation calling

for a partial cleanup of the existing IRPP units.)

Can you provide me with the authority for this statement?

The Division of the Public Advocate represents a broad constituent base, including low-income residential customers.

It is well-demonstrated that low-income people suffer disproportionately from pollution. At the same time, the benefit-to-cost ratio of pollution control measures has often be reported to be in the range of ten to one. Therefore, we submit that your low-income constituents have the MOST to gain from efforts to clean up this facility and are not well served by opposition to it.

Thus, we are pleased with NRG's production of low cost generation, and we support that effort until such time as it becomes feasible to migrate to similar low cost renewable generation.

With this statement you appear to be opposing the efforts of various parties to secure the cleanup of the coal units operating at the Indian River Power Plant.

In the meantime, low-income households are in need of low cost generation sources as a matter of affordability.

The information available to us indicates that the cleanup to LAER (Lowest Achievable Emission Rate), or the shutdown, of the units at Indian River would be unlikely to have any substantial rate impacts in Delaware. This is based partly on EPA/DOE modelling, and partly on the obvious fact that these units represent less than 1/2 of one percent of the capacity on the PJM pool, and that transmission constraints leading to "locational" pricing are rapidly abating with the construction of new lines.

If information leading to different conclusions was used in developing the DPA's comments we would like to review it ourselves.

Our discussion was helpful; and I will keep Green Delaware's concerns in mind going forward in this as well as future proceedings.

Thank you.

Yours very truly,

Alan Muller
Green Delaware

Very truly yours,

John Citrolo
Deputy, Division of the Public

Advocate

cc: Robert Howatt, Public Service Commission
William O'brien, Public Service Commission